



DUKE ENERGY CORPORATION

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VIA OVERNIGHT DELIVERY

March 29, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RECEIVED

MAR 30 2011

PUBLIC SERVICE
COMMISSION

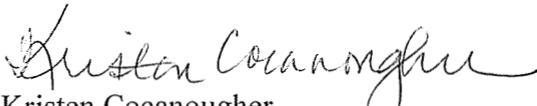
Re: Case No. 2010-203: In the Matter of Duke Energy Kentucky, Inc.'s Application for Approval to Transfer Functional Control of its Transmission Assets From the Midwest Independent Transmission System Operator to the PJM Interconnection Regional Transmission Organization and Request for Expedited Treatment

Dear Mr. Derouen:

Enclosed please find an original and twelve copies of *Duke Energy Kentucky Inc.'s Compliance Filing for Duke Energy Kentucky, Inc.* for filing in the above referenced matter.

Please date-stamp the two copies of the letter and the filing and return to me in the enclosed envelope.

Sincerely,


Kristen Cocanougher

cc: Larry Cook

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

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COMMISSION

In The Matter of:

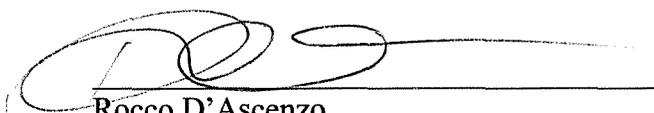
Duke Energy Kentucky, Inc.'s Application for Approval)
To Transfer Functional Control of its Transmission Assets)
From the Midwest Independent Transmission System) Case No. 2010-203
Operator to the PJM Interconnection Regional Transmission)
Organization And Request for Expedited Treatment)

COMPLIANCE FILING FOR DUKE ENERGY KENTUCKY, INC.

Now comes Duke Energy Kentucky, Inc., pursuant to the Kentucky Public Service Commission's (Commission) January 25, 2011 Order in the above-styled proceeding, and hereby respectfully submits its proposed procedures for the receipt and tracking of notices from PJM regarding customer requests to participate in PJM demand-response programs.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



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Amy B. Spiller
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Duke Energy Kentucky Procedures

For Processing PJM Demand Response Participation Requests

I. Definitions:

CSP: Curtailment Service Provider as defined by PJM; which could be Duke Energy Kentucky

DEK-EDC: Duke Energy Kentucky acting as the Electric Distribution Company

DEK-LSE: Duke Energy Kentucky acting as the Load Serving Entity

eLRS: PJM demand response asset registration system

DR: Demand Resource as defined by PJM

PLC: Peak Load Contribution as this term is defined by PJM

KYPSC: Kentucky Public Service Commission

DEK DR Contacts: Duke Energy Kentucky Demand Resource contacts identified to PJM

II. Processing Procedures:

1. A CSP initiates the process through their desire to register a DR with PJM. At a fundamental level, the CSP will search for information from PJM on the registration process.
 - a. Through this search for information, the CSP will be encouraged at some point, prior to submitting a registration request with PJM, to contact DEK-EDC to obtain registration information such as the PLC and the loss adjustment factors which are required in the registration process.
 - b. DEK-EDC contacts for DR questions are available through PJM.
2. The CSP contacts DEK-EDC for registration information. DEK-EDC will provide information regarding participation in PJM DR programs and DEK-EDC's KYPSC-approved/ available DR programs. This information will include an explanation regarding the current status of the availability of PJM DR programs in the Commonwealth of Kentucky, with reference to the KYPSC order regarding conditional participation by retail customers in PJM DR programs only through KYPSC-approved DEK-EDC programs, riders, tariffs, or special contracts per the terms of the Commission's Order in Case No. 2010-203.

3. The CSP reviews and processes information received from DEK-EDC and decides to proceed in one of the following ways:
 - a. CSP elects to negotiate a special contract with DEK-EDC with terms and conditions acceptable to DEK-EDC for submission to the KYPSC for review and possible approval. The CSP may continue with the registration process once special contract is approved by the KYPSC. (Proceed to step 4)
 - i. DEK-EDC will refer CSP to an appropriate DEK-EDC Economic Development, Energy-Efficiency, Rates and/or legal personnel to discuss the possibility of a special contract.
 - b. CSP elects to encourage retail customers to participate in a DEK-EDC DR program that has already been approved by the KYPSC. (Proceed to Step 5 after reading the DEK Registration Involvement paragraph below.)
 - c. CSP elects to terminate the registration process. (End process)
 - d. CSP elects, pursuant to PJM tariff, to proceed with PJM eLRS registration. (Proceed to step 5)

DEK Registration Involvement: At this point, DEK-EDC would be involved with the retail customers in 3a and 3b above and the registration process would continue through the appropriate steps guided by DEK-EDC. In the case of 3c above, the registration process would be terminated prior to a registration being completed.

4. For special contracts only: If CSP and DEK-EDC have agreed upon terms of an acceptable special contract, the contract will be submitted to the KYPSC for review and approval. CSP shall cooperate with DEK-EDC in obtaining approval by the KYPSC. If the KYPSC approves the special contract, then the CSP registers retail customers in a DR program with PJM through eLRS.
5. PJM, through the eLRS system, notifies Duke Energy Kentucky of the CSP registration both as DEK-EDC and as DEK-LSE.
 - a. Three DEK-EDC/LSE representatives have been designated in eLRS to receive notification of registration requests. One DEK representative will be designated as the primary.
 - b. Upon receipt of the eLRS email, the primary contact will be responsible to notify the two secondary contacts that they received the notice of the registration request

and will process it. The DEK primary contact will determine if the DR registration request is in a format approved by the KYPSC.

- i. DEK primary contact will notify the DEK Rate Department to verify if the DR request is a special contract approved by the KYPSC. If so, the DR registration request will be approved after verification of registration data.
 - ii. DEK primary contact will determine if the DR request is a KYPSC-approved DEK- DR program. If so, the DR registration request will be approved after verification of registration data.
 - iii. DEK primary contact will reject any registration that is not a KYPSC-approved program or approved special contract.
 - c. Both secondary contacts will be responsible to coordinate with each other and process the registration request accordingly if they have not been contacted by the primary contact the day after the eLRS email is received. The same process will be followed as documented above under 5b.
 - d. eLRS will send a second email notice eight business days after the registration was submitted if DEK-EDC/LSE has not responded. The same process in 5a through 5c above will be used to address the second email from eLRS.
 - e. If DEK-EDC/LSE has not responded within ten days, eLRS will send an email notifying DEK-EDC/LSE that the registration has been automatically rejected.
6. PJM, for administrative purposes only, will set up eLRS to reject registrations if no action is taken by DEK-EDC/LSE. eLRS will notify the CSP of this auto-rejection and the CSP may follow up with DEK representatives or PJM if CSP believes the registration request should have been approved with appropriate information regarding the necessary approval by KYPSC.
7. If applicable and consistent with the terms of these procedures, one of the DEK DR contacts will process the DR registration request as identified under 5b above.